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State Department review completed

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GENERAL

1. Probable Communist reaction to UN truce proposals:

The Communists will probably object to at least three of the proposals in the UN Command's note of 17 April which calls for a resumption of the Korean truce talks suspended last October. They are likely to nominate as the neutral country a state more friendly to them than Switzerland, such as India. Two sources in contact with the Communist command have reported that Switzerland is unacceptable.

The Communists are also expected to press for a much longer period than 60 days in which to make "explanations" to the prisoners who do not wish to be repatriated. Chou En-lai has at least twice expressed a belief that the great majority of prisoners could be induced to return if the Communists are given sufficient time to persuade them.

Finally, there will almost certainly be an attempt to prevent any neutral state from exercising complete control over the prisoners in its custody and from determining their final disposition. In the past, the Communists have insisted on veto power in the body which decides the prisoners' fate.

2. Foreign correspondents invited to World Peace Council meeting in Budapest:

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The date for the World Peace Council meeting has reportedly been set for 22 May in Budapest. About 80 foreign correspondents have been invited.

Comment: Several leading American newsmen are known to have been invited. Soviet willingness to allow this penetration of the Orbit may reflect satisfaction with the propaganda benefits resulting from the recent Moscow visit of ten American editors.

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These developments, along with a recent hint that restrictions on Western diplomats' contacts with the Polish people would be eased in the future, may foreshadow a concerted Orbit campaign to give the impression that the Iron Curtain is a myth.

SOUTHEAST ASIA

3. Three Viet Minh divisions identified in drive for Laos:

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Prisoners taken by the French in north-eastern Laos come from three Viet Minh divisions, according to General Salan, the French commander in Indochina. He stated

that while some observers had believed the Viet Minh threat to Laos was only a feint, he had realized from the beginning that it "portended serious action."

Comment: French headquarters in Saigon stated on 15 April that, according to reports from local inhabitants, a fourth enemy division was moving into Laos from the east. Salan's reference to prisoners is the first official indication that the opposing forces are in contact.

SOUTH ASIA

4. Comment on removal of Pakistani Prime Minister and cabinet:

The resignation of Prime Minister Nazimuddin and his cabinet at the request of Governor General Ghulam Mohammad demonstrates that strong elements in Pakistan have decided finally to end the weakness which has characterized Nazimuddin's government during the past year.

It also represents a clear-cut effort to establish Pakistan as a secular state and to curtail the power of religious groups, whose recent agitation against the proposed Pakistani constitution and Foreign Minister Zafrullah Khan has resulted in riots and political confusion. In taking his action, Ghulam Mohammad is supported by the army, and probably by the civil service.

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Pakistan's foreign policy will continue to be Western-oriented, since the individuals who apparently motivated the change of government are all pro-Western. Mohammad Ali, the new Prime Minister, has been Ambassador to the United States since early 1952. He is pro-Western, fairly competent, but not an outstanding statesman.

In the immediate future the new cabinet can do little to improve Pakistan's internal economic situation beyond streamlining the ministries which must combat the prospective food shortage and ominous financial situation.

WESTERN EUROPE

5. British propose generous gesture to the USSR on Austrian treaty:

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Britain has recommended that the Western powers make as "grand a gesture" as possible toward meeting the Soviet position on an Austrian treaty, even to the extent of unconditional withdrawal of the abbreviated treaty draft. The British do not believe that the USSR desires a treaty, and consider that the Western initiative should be designed to debunk Soviet "peace" moves and convince those Western elements which are impressed by them.

Comment: The United States has consistently opposed dropping the abbreviated treaty as a condition for the resumption of negotiations.

The British share the French and Austrian view that the short treaty is of limited effectiveness in obtaining concessions from the Russians and that the extraterritorial rights which would be granted the Russians under the long treaty could be counteracted once Soviet troops were withdrawn.

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